

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

INT-08 L-03 H-03 PA-04 PRS-01 USIA-15 FEAE-00 SCI-06

FPC-01 NIC-01 DRC-01 /182 W
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R 021049Z JUL 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 1554

USDOC WASHDC

INFO AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ECON, HU

SUBJ: FALUVEGI ANNOUNCES PRICE INCREASES

REF: BUDAPEST 1239

VIENNA FOR EWTC

1. IN SPEECH TO PARLIAMENT ON JUNE 27, FINANCE
MINISTER FALUVEGI ACKNOWLEDGED THAT SUBSIDIES TO
HUNGARIAN ENTERPRISES TO PROTECT THEM FROM THE HIGH
COST OF WESTERN MATERIALS HAD RISEN FAR MORE QUICKLY
THAN EXPECTED. FALUVEGI SAID THAT SUCH SUBSIDIES
IN 1974 WERE LIKELY TO BE FOUR TIMES HIGHER THAN
6 BILLION FORINTS USED FOR THIS PURPOSE IN 1973, AND
AS A RESULT IT WOULD NOT BE POSSIBLE TO MAINTAIN THE
PRESENT DOMESTIC LEVEL OF PRICE RELATIONSHIPS. IN
ADDITION TO THE PRODUCER PRICE INCREASES FOR FUELS,
METALLURGICAL PRODUCTS AND CHEMICALS ANNOUNCED IN MAY
(SEE REFTEL), FALUVEGI STATED THAT IT WOULD ALSO BE
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NECESSARY TO RAISE CONSUMER PRICES FOR HEATING OIL AND

GASOLINE. THE QUESTION OF HOW GREAT THE RISE WOULD BE HAD NOT YET BEEN FINALLY RESOLVED AND WAS STILL UNDER STUDY BY THE PRICE AUTHORITIES. IN ADDITION THERE WILL ALSO BE AN EXAMINATION TO DETERMINE HOW MUCH SALARIES, PENSIONS AND CHILD CARE ALLOWANCES SHOULD BE RAISED TO COMPENSATE FOR THESE ANTICIPATED CONSUMER PRICE INCREASES.

2. COMMENTS: ALTHOUGH THERE HAS BEEN TALK OF INCREASES IN THE CONSUMER PRICES FOR GASOLINE AND OTHER FUEL DURING RECENT MONTHS, FALUVEGI'S REMARKS ARE THE FIRST OFFICIAL INDICATION THAT SUCH RISES WILL IN FACT BE FORTHCOMING. IN VIEW OF FACT THAT GOH PLANNING TO INTRODUCE WAGE INCREASES TO COMPENSATE FOR THESE PRICE JUMPS, WE ASSUME THAT THESE INCREASES WILL BE SIZEABLE.
PEDERSEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FUEL OIL, GASOLINE, PRICE TRENDS, SUBSIDIES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BUDAPE01713
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740175-0495
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740782/aaaacsbn.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BUDAPEST 1239
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by izenbei0>; APPROVED <09 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FALUVEGI ANNOUNCES PRICE INCREASES
TAGS: ECON, HU
To: STATE COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005